

**Michigan Department of Health and Human Services  
Skilled Nursing Facility COVID-19 Response: Direct Care Worker Wage Increase  
Frequently Asked Questions**

October 2, 2020

**Updated information is highlighted.**

**1. Will the direct care worker wage increase continue past September 30, 2020?**

**a. Has the direct care worker wage increase been extended?**

Yes, the direct care worker wage increase has been extended through December 31, 2020.

**b. Has the reimbursement process changed?**

No, the process for requesting reimbursement remains the same. The only difference is that requests for reimbursement for eligible employee hours and payroll tax expenses between July 1 through September 30 must be submitted on separate forms from requests for the October 1 through December 31 period.

**c. Have there been any changes to who is entitled to the wage increase?**

No, the employees eligible for the wage increase remain the same.

**d. Have there been any changes to the eligible employee hours and payroll tax expenses? Are there additional eligible employee expenses?**

The eligible employee hours and payroll tax expenses remain the same, and there are no additional eligible employee expenses.

**e. Has the wage level the direct care wage increase is compared to changed?**

Yes, the wage level the direct care wage increase is compared to is the wage that would have been in effect on October 1, 2020 had the direct care wage increase expired (i.e., if an employee had a base wage of \$15/hour from July 1 through September 30 and was scheduled for a base wage increase to \$16/hour on October 1, then the employee should receive \$18/hour).

**f. Is there a deadline for submitting direct care worker wage increase reimbursement requests?**

Requests for hours worked between July 1 through September 30 *must* be submitted no later than October 23, 2020. There is currently no deadline for requests for hours worked between October 1 through December 31, but this may be subject to change.

**2. Who is entitled to the increase?**

**a. Are administrative staff entitled to the increase (DON/MDS, etc.)?**

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No, administrative staff are not eligible for the direct care worker wage pass-through. Only RNs, LPNs, CNAs and respiratory therapists providing direct patient care are eligible for the \$2/hour wage pass-through.

**i. If they are entitled to the increase, how are they paid if they are salaried?**

While the administrative staff are not eligible for the wage pass-through, if any of the eligible direct care employees are salaried their payments would be determined as follows: \$160 per pay period (\$2.00 x 80 hours)

**b. Do licensed staff working outside of the eligible direct patient care designations (RNs, LPNs, CNAs and respiratory therapists) qualify for the \$2.00 increase? For example:**

- i. Does an activities aide who is also a CNA receive the \$2.00 increase for all hours worked or only the hours worked, if any, as a CNA?**
- ii. Does an administrator who is also a licensed RN receive the \$2.00 increase?**

If these staff were to provide any direct patient care then they would be eligible for the \$2.00 an hour increase for those hours, but their direct patient hours must be tracked separately from other hours worked.

**c. Are non-certified aides who perform direct care worker duties eligible for the \$2.00 an hour increase?**

No, non-certified aides are not eligible for the direct care worker pass-through payments.

**d. Are non-Medicaid certified nursing facilities eligible for the direct care worker pass-through payments?**

Only nursing facilities certified to participate in either Medicaid or Medicare are eligible for the direct care worker pass-through payments. Licensed only nursing facilities and hospice residences are not eligible for the direct care worker pass-through payments.

**e. Does the direct care worker pass-through apply only to those facilities who have COVID-19 cases confirmed?**

No, all Michigan nursing facilities certified to participate in either Medicaid or Medicare, as described above, are eligible for the direct care worker pass-through payments.

**f. Are contract workers eligible for the \$2.00 an hour wage increase?**

No, contract workers are not eligible for the \$2.00 an hour wage increase.

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**3. Is there a mechanism to include administrative staff that need to work on the floor to support adequate resident care?**

If a mechanism exists to track the amount of time an administrative staff works on the floor, MDHHS will reimburse the \$2.00 pay increase for the time in which they were supporting resident care. The administrative staff person would need to be properly licensed or certified (RN, LPN, CNA or respiratory therapist).

**4. What hours are covered?**

**a. Do we pay the \$2.00 for PTO/Sick time?**

No, only actual hours worked are eligible.

**b. We pay 1.5 for working on a holiday; does this mean we have to pay 1.5 times the \$2.00 (\$3.00) for working a holiday (July 4<sup>th</sup> and Labor Day).**

In this scenario, MDHHS would only pay for the \$2/hour of employee time worked. The nursing home would have to make up the additional \$1/hour if they choose to make holiday pay.

**5. What employment costs are eligible for reimbursement?**

**a. Additional overtime compensation caused by the \$2.00?**

Overtime compensation for non-exempt employees is eligible for reimbursement at a rate of \$3.00 an hour. Eligible overtime hours would include hours worked over 40 hours a week for non-exempt employees not covered under the "8 and 80" system. For employees covered under the "8 and 80" overtime system, overtime hours would include hours worked over 8 hours in a day or over 80 hours in a two week pay period (i.e., if an employee worked 84 hours in a week but had one 12 hours shift then the employee would be eligible for only 4 hours of overtime not 8 hours).

**b. Additional employer contributions to the employee's defined benefit or defined contribution plan?**

No, extra retirement contributions would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that retirement contributions are exempt, MDHHS will also consider them exempt from the reimbursement.

**c. Increased workers' compensation costs (that may not be realized/calculated until next year)?**

No, workers' compensation costs will not be eligible for reimbursement since workers' compensation premium amounts include many factors, not just employee wages.

**d. Administrative costs to effect compliance?**

No, administrative cost to comply with the law will not be eligible for reimbursement.

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**e. Additional unemployment costs? See above.**

No, extra unemployment costs would be excluded from the pass-through reimbursement. Since the Senate Fiscal Agency has taken the assumption that unemployment costs are exempt, MDHHS will also consider them exempt from the reimbursement.

**f. What payroll tax expenses are eligible for reimbursement?**

All employer Medicare and Social Security payroll tax expenses associated with the \$2.00 increase are eligible for reimbursement. State and federal employer unemployment insurance taxes are not eligible for reimbursement.

**6. How are we reimbursed?**

**a. Process**

Nursing homes should complete the Direct Care Worker Wage Pass-Through Reimbursement Form after they have made payroll and submit to the [MDHHS-SNF-Testing-Financial@michigan.gov](mailto:MDHHS-SNF-Testing-Financial@michigan.gov) email box to request reimbursement. In addition, MDHHS will be issuing an L-letter to further clarify the \$2/hour DCW pass-through requirements and reimbursement process.

**b. Required Documentation**

Nursing homes will be required to track eligible expenses and retain documentation (i.e., payroll documentation, job descriptions, etc.) to demonstrate that the direct care workers received the wage pass-through and were eligible for it, and to show that other eligible expenses were actually incurred.

**7. What is the wage level basis?**

**a. What wage level is the \$2 an hour being compared to?**

For hours worked between July 1 through September 30, payment will be determined by comparing wage levels effective July 1, 2020 to wage levels in effect June 30, 2020 (i.e., wages effective July 1, 2020 through September 30, 2020 will need to be \$2 an hour over the wages that were in effect on June 30, 2020).

For hours worked between October 1 through December 31, payment will be determined using the wage levels that would have been in effect on October 1, 2020 had the direct care wage increase expired (i.e., if an employee's base wage was set to be \$16/hour on October 1 then the employee should receive \$18/hour in payment from October 1 through December 31).

**b. If my nursing home was paying direct care employees premium pay prior to July 1, 2020, do I need to pay the \$2 an hour increase above that wage rate?**

If the premium pay expired on or before June 29, 2020, then the \$2 an hour increase does not apply to that wage rate but rather the employees standard wage rate (e.g., if an employee is paid a base wage rate of \$15 an hour and was receiving a premium

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wage rate of \$18 an hour until June 27, 2020, then the employee should be paid \$17 an hour from July 1, 2020 through September 30, 2020). If the premium pay was still in effect as of June 30, 2020, then the \$2 an hour increase applies to the premium wage rate (e.g., if an employee is paid a base wage rate of \$15 an hour and was receiving a premium wage rate of \$18 an hour as of June 30, 2020, then the employee should be paid \$20 an hour from July 1, 2020 through September 30, 2020). **Exception:** if prior to the passage of Public Act 123 of 2020 (i.e., prior to July 1, 2020), a nursing home scheduled premium pay to end on or after June 30, 2020 but before July 15, 2020, then the \$2 an hour increase excludes the premium pay and is only above the base wage rate (i.e., if an employee is paid a base wage rate of \$15 an hour and was receiving a premium wage rate of \$18 an hour, then the employee should be paid \$17 an hour as of the date the premium wage expired). A facility *must* retain documentation (e.g., an email to employees dated prior to July 1, 2020, etc.) to support that the nursing facility planned to end their premium wage prior to the enactment of Public Act 123 of 2020, otherwise any direct care wage pass through reimbursement paid to the facility may be subject to recoupment at the time of audit.

**Note:** This question and answer does not apply to the direct care wage increase payments for hours worked between October 1 through December 31 since June 30, 2020 is not the wage level used to determine payment for that period.

**c. Do I need to include the \$2 an hour increase for shift differential pay?**

Yes, the \$2 an hour increase applies to shift differential pay so it should be \$2 an hour above the shift differential wage rate (e.g., if an employee has a standard wage of \$15 an hour but is paid \$18 an hour to work the night shift, then that employee should receive \$20 an hour for hours worked during the night shift).

**d. Does the \$2 an hour increase factor into employee bonuses?**

No, the \$2 an hour increase is excluded from employee bonuses.

**8. Can a nursing home submit one reimbursement request form and make one lump sum payment to their employees?**

A nursing home can make a lump sum payment to their employees for hours worked between July 1, 2020 and September 30, 2020 and another lump sum payment for hours worked between October 1, 2020 and December 31, 2020. A form must be submitted for each period to request reimbursement from MDHHS (i.e., a form for July 1 – September 30 and a separate form for October 1 – December 31). Nursing homes should email [MDHHS-SNF-Testing-Financial@michigan.gov](mailto:MDHHS-SNF-Testing-Financial@michigan.gov) if they plan to pursue lump sum payments rather than bi-weekly or monthly payments.

**9. When will we receive reimbursement?**

Payment will be made on either a bi-weekly basis, monthly basis or as one lump, nursing homes should submit the reimbursement request after they have made payroll. Processing

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times will depend on the volume and quality of requests, but MDHHS expects quick turnaround times.

**10. Will Medicaid consider the additional \$2.00 per hour for SNF direct care workers as a direct pass-through and not subject to the VCL limits?**

The \$2/hour will be a direct pass-through separate from the Medicaid nursing facility per diem.

**11. When does the direct care worker pass-through payment program end?**

The direct care worker pass-through payments are reimbursable for the period July 1, 2020 through **December 31, 2020**. If a facility pay period extends beyond **December 31 (i.e., December 20 – January 2)** the wage increase is only required and reimbursable through **December 31**.